

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-161

July 8, 2002

PUBLIC UTILITIES COMMISSION
Interim Electric Energy Conservation
Programs

ADVISORY OPINION
REGARDING CMP'S EXISTING
CONSERVATION PROGRAMS

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

Central Maine Power Company (CMP) should continue to operate its existing energy conservation programs, including reasonable promotion, consistent with its terms and conditions and reasonable utility practice. The program budget amounts, upon which Commission assessments pursuant to 35-A M.R.S.A. § 3211-A have been calculated, are estimates and do not represent spending caps for those programs. CMP is authorized to enter into contracts as part of operating its Energy Efficiency Incentive Program (Nickel Program), even though performance of those contracts may not be complete should we decide to terminate CMP's Nickel Program as an interim program.

II. BACKGROUND

By Order on April 8, 2002 in this docket, we established existing utility-sponsored energy conservation programs as interim programs pursuant to the newly-enacted Conservation Act, P.L. 2001, ch. 624, § 4. Since that time, through various communications with the Commission Staff, CMP has sought advice regarding the Company's operation of its existing programs. Specifically, CMP asked whether:

1) CMP should continue to promote its conservation programs as it has in the past;

2) CMP could spend more than the program budget amounts CMP has reported to the Commission as estimated conservation spending, or whether such amounts should be treated as a spending cap; and

3) CMP could enter into contracts as part of its Nickel Program, even though performance of those contracts may not be complete by the time the Commission may terminate the program.

We have decided that CMP's questions warrant formal written responses. Thus, we answer those questions as an Advisory Opinion.

III. ADVISORY OPINION

In our April 8 Order, we directed T&D utilities to

continue to operate their existing energy conservation programs in a manner that is consistent with recent program operations until such time as they are directed to do otherwise by the Commission.

Order at 2. CMP has indicated that it typically has promoted its Bundle Up Program in the Fall. CMP should continue to operate its Bundle Up Program as it did before the Conservation Act was enacted. If the circumstances remain “typical,” CMP should continue to promote the program. In deciding whether circumstances remain typical, CMP may assume that the Bundle Up Program will continue to operate until Spring 2003 or later.¹

In this docket, CMP has provided information on its past actual and future estimated spending on conservation programs. We used that information to calculate the amounts CMP will spend on “prior conservation efforts” in order to assess CMP for interim Commission-sponsored programs. CMP asks whether the amounts it reported as estimated future spending should be regarded as a cap on its spending as the Commission has used those estimates to arrive at the Commission’s budget for interim programs.

As with past spending, the Commission considers the data received about future spending as an estimate. CMP’s actual spending may be more or less, and will continue to be reconciled in accordance with Chapter 380 and prior orders. Even though those estimates have been used to calculate our assessments and the interim program budget, we do not intend to treat CMP’s estimates as a spending cap.

We understand that CMP prepares a monthly report on its conservation programs including spending amounts. We direct CMP to file those reports with the Commission so that we may track actual spending on interim utility-sponsored conservation programs.

CMP describes its Nickel Program as being implemented by means of a standard form contract executed with a customer (perhaps with the assistance of a vendor). If the conservation measure and customer meet the program criteria, CMP pre-approves the contract, and the customer is paid the program benefit after the measure is installed or implemented. Thus, the program is operated such that there always will be a lag between the time a contract is approved and a conservation measure is implemented.

¹We have not yet begun our investigation of how utility programs will be treated over the long term under the Commission conservation plan. However, it is reasonable to assume that we will not discontinue Bundle Up in the immediate future.

CMP is concerned that the program may be terminated after contracts have been approved but before measures have been implemented. CMP and its customers want assurance that CMP will be able to honor such Nickel Program contracts.

We advise CMP that the Company will be authorized to complete performance of Nickel Program contracts that have been executed and approved, even though performance may be completed after the Nickel Program is terminated. We understand that contracts contain a time limit for implementation, which will guarantee that spending on the program will end within a reasonable period after the program may end.² We note that the Nickel Program is directed at small business customers, and thus helps achieve the legislative preference contained in 35-A M.R.S.A. § 3211-A(2)(B), even during the interim period.

Dated at Augusta, Maine, this 8th day of July, 2002.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Nugent
 Diamond

COMMISSIONER ABSENT: Welch

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²However, CMP should not enter into new contracts with a completion date later than December 30, 2003. If CMP desires to enter into a contract with a completion date later than December 30, 2003, then CMP should seek Commission approval.